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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 22, 2010

Certified Return Receipt
7004 1160 0003 0190 4475

Robert Steele
1065 North 400 East
Nephi, Utah 84648

Subject: Deficient Reclamation Surety, Robert Steele, Silver Dream Mine Quarry, S/027/0084, Millard County, Utah

Dear Mr. Steele:

During a standard review of mines in Millard County it was discovered that a reclamation surety has never been provided for the Silver Dream mine. The information in the Notice of Intention to Commence Small Mining Operations (NOI) indicates that you have been permitted for four acres. Based on this figure, the surety amount needed to keep your permit active is:

\$20,600 escalated for 3 years (surety amount next reviewed in 2013) OR
\$20,700 escalated for 5 years (surety amount next reviewed in 2015)

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

Project Size (Acres)	Surety 3 & 5 year escalation	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,500 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,400/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 +\$17,600 = \$25,000) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,100) (5-year escalation)	\$100.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.

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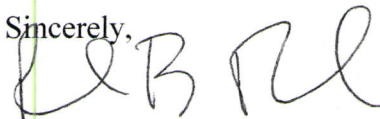
The amount of surety required can be reduced by amending the NOI. It currently says the disturbance will be four acres, so the Division needs to bond for four acres of disturbance. The required surety could be reduced if the planned disturbed area is less than four acres AND you amend the NOI to reflect the planned acres of disturbance. In June 2010, a Division inspector visited the site and found no disturbance.

Since no mining activity has taken place, the permit could be retired if you desire. No surety would be required in this case. The file would be retired since no disturbance has taken place and no reclamation would be required.

If you decide to amend the NOI or to retire your permit, please notify the Division and submit the amendment no later than July 20, 2010. If you choose not to amend the NOI we will expect the above stated surety amount to be filed with the Division no later than August 20, 2010. If you take no action, the Division will close the file, and you would need to submit a new NOI to mine this site.

Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit the surety which can be in the form of a certificate of deposit, cash, a surety bond, or a letter of credit. Ms Berry can be reached at 801-538-5291 or by e mail at bondcoordinator@utah.gov. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or John Rogers at 801-538-5349.

Sincerely,



Paul Baker
Mining Coordinator
Minerals Regulatory Program

PBB:jr:pb

cc: jerry_mansfield@blm.gov
opie_abeyta@blm.gov
Penny Berry

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